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M E M O R A N D U M

TO: Colorado Pawnbrokers

FROM: Laura E. Udis, Administrator
Colorado Uniform Consumer Credit Code

RE: Pawnbroker Licensing

Colorado pawnbrokers should be aware that if they are not licensed by a local municipality or county, they may be subject to the Colorado Uniform Consumer Credit Code (UCCC) and its rates, fees, disclosures and other provisions. This has been the law for many years.

Pawnbrokers in Colorado loan/advance money to customers and hold tangible personal property as collateral for the loans/advances. Sections 12-56-101 to 104, C.R.S. generally govern pawn transactions. Section 12-56-102, C.R.S. permits local licensing authorities to license pawnbrokers but local city or county licensing is not mandatory. In addition, under federal law pawnbrokers must disclose the cost of credit to customers under the federal Truth in Lending Act's Regulation Z, 12 CFR section 226.17(c)(1) Staff Commentary -18.

The UCCC governs consumer lending in Colorado. It sets fee caps of 36% APR for loans of \$1,000 or less and fee caps of 21% for larger loan amounts under section 5-2-201, C.R.S.¹ The UCCC does not apply to the transactions of pawnbrokers licensed by local municipal or county ordinances. Section 5-1-202(1)(d), C.R.S. However, if a pawnbroker is not licensed by a local licensing authority or is located in a city or county that does not license pawnbrokers it is limited to the UCCC's 21% and 36% rate caps described above, must be licensed as a supervised lender under the UCCC in order to charge rates above 12% APR, and must fully comply with the UCCC. Failure to comply with the UCCC could subject the pawnbroker to civil liability, refunds of fees, and penalties. Copies of the UCCC, additional information, and supervised lender license applications are available at www.coloradoattorneygeneral.gov/uccc.

¹ Higher rates are allowed for payday loans and small installment loans under sections 5-3.1-105 and 5-2-214, C.R.S. However, no collateral may be taken on those loans. Section 5-3.1-102(3)(a) & 5-2-214, C.R.S.